



ARIZONA DEPARTMENT OF ADMINISTRATION

Enterprise Procurement Services

GENERAL SERVICE ADMINISTRATION (GSA) CONTRACTS

POLICY AND PROCEDURE #10

ARTICLE 3, A.R.S. 41-2558 et. seq. and

Applicable Administrative rules of

THE ARIZONA PROCUREMENT CODE

This is not intended or represented to be the official record of laws and regulations covered under A.R.S. 41-2558 and applicable administrative rules. In the event of a discrepancy between these procedures and applicable statute and rule, statute and rule shall prevail.

I. Introduction:

A.R.S. 41-2558, General services administration contracts permits purchases through General Services Administration (GSA) Supply Schedules by State agencies. Likewise the Federal Acquisition Streamlining Act (FASA) permits State and local government use of GSA supply schedules. This section covers applicable policy and procedures relating to the use of GSA Supply Schedules.

II. Authority:

The following Authorities shall govern the use of General Service Administration Contracts:

1. A.R.S. 41.2558, General services administration contracts;
2. Delegated procurement authority granted by the State Procurement Administrator in accordance with A.R.S. 41-2512 to agency Directors;
3. Federal Acquisition Streamlining Act (FASA) and other federal laws and programs granting State and local government access to GSA schedules.

III. Definitions:

1. CPO: Chief Procurement Officer.
2. General Services Administration (GSA): A Federal agency that operates a worldwide purchasing and distribution system used by other Federal agencies to acquire products and service for day-to-day operations. GSA supply schedules include general purpose supplies, equipment and services; building materials, repair and maintenance; technology and network products and services. For additional information, visit the GSA website at www.gsa.gov.
3. GSA Advantage: Is the GSA MAS shopping network. To view the entire GSA catalog, visit www.gsaAdvantage.gov.
4. GSA Supply Schedule: Also known as Federal Supply Schedule or Multiple Award Schedule, a GSA Supply Schedule is a catalog of contracts with businesses to provide products and/or services grouped in schedules. Commercial businesses are awarded contracts to provide products and/or services identified with a particular Special Item Number (SIN).
5. Minority or Women Owned Business: A business that is at least 51% minority or is women owned.
6. Multiple Award Schedule (MAS): A list of contracts awarded by GSA, Federal Supply Service. GSA awards contracts to multiple companies supplying similar services and products. Also known as Federal Supply Schedule.
7. Schedule: General Group or category of GSA products and services.

8. Special Item Number: Each Schedule is comprised of multiple special item numbers (SINs). A SIN is a number assigned to a type of product or service that falls within the general description of a GSA Schedule.
9. Small Business: A business with either less than 100 employees or has less than \$4 million in annual sales.

IV. Overview:

Although GSA schedules may provide an efficient and convenient method for agencies to purchase available products and services such as information technology or scientific products/services, they should not be considered an alternative for the use of good sound procurement practices.

GSA Schedules are merely one of many procurement tools available for participating agencies under the Arizona Procurement Code. It is responsibility of the participating agency in determining which procurement tool works best in each situation. In determining which tool to employ, an agency is task to consider many relevant factors, including:

1. Best value for the state, considering acquisition price, freight charges and other life cycle costs - GSA requires most favored customer status but agencies can often obtain better pricing through competition and negotiation.
2. Favorable product and service considerations, including delivery, FOB point, installation, service and local support – Agencies should consider all factors that weigh on the procurement decision, comparing multiple products and negotiating favorable product and service considerations.
3. Contract terms and conditions, including conformance with Arizona laws, warranty, insurance and business requirements - The State requires different terms and conditions that must be included in all contracts.
4. Competition and small business and minority- and women- owned business enterprise procurement objectives - Many GSA contractors are also small businesses and minority- and women-owned businesses.
5. Other business objectives, including energy savings, waste reduction and recycling.

Although GSA contractors guarantee most favored customer status to governments, the prices may be improved through competition and negotiation. When considering GSA products, participating agencies should compare prices with other suppliers.

There may also be some hidden disadvantages in using GSA Schedules. GSA requires specific contract terms and conditions and GSA contractors may not be willing to meet different State requirements, such as those for insurance or record retention. GSA contractors may insist on FOB factory or shipping point and may not offer local service. Agencies may be better able to meet procurement objectives through formal bids or proposals.

V. Agency Responsibility:

Agencies may purchase materials and services from GSA contractors up to the amount of their procurement delegation limits if:

1. The required material or service is not covered in an existing VIP State contract or an existing State agency contract;
2. For purchases of \$50,000.00 or less, the agency determines that the required material or service is not available or it is not practicable to purchase a from a small businesses unless the GSA contract is with a small business;
3. The agency determines that material or service is not available or it is not practicable to purchase from the State's 2636 Procurement Program providers (A.R.S. 41-2636);
4. The GSA contractor offers GSA pricing or less for GSA products and services.

VI. Program Guidelines:

The state's primary method of purchasing goods and services is through competitive source selection. A similar competitive strategy should be used when purchasing from GSA supply schedules. When purchasing through GSA schedules agencies should consider the same factors that are important in all government purchases, such as:

- 1 Does the product or service meet the agency requirements?
- 2 Is the price fair and reasonable?
- 3 Would competition through formal bids or proposals obtain a better value for the State?
- 4 Do the contract terms and conditions conform to Arizona laws and business requirements?
- 5 Is the warrantee, total cost of ownership, delivery, installation, service and other business requirements favorable?

VII. Competitive Guidelines:

- 1 GSA procurements less than \$5,000.00: The agency shall seek fair and reasonable pricing and terms. Although competition is not required the agency should endeavor to perform some level of competition as time permits from GSA contractors that provide similar products and/or services.
- 2 GSA procurements of \$5,000.00 or more: The agency requests written quotations from at least three GSA contractors that provide similar products and/or services, if available. The agency shall ensure that materials and services pursued under GSA meet the State's

reasonable needs, are cost effective and in the best interest of the State. Once done, the Agency CPO shall:

2.1 Prepare a written determination that all of the following apply:

- 2.1.1 The price is equal to or less than the contractor's current federal supply contract price;
- 2.1.2 The contractor has indicated in writing that the contractor is willing to extend the current federal supply contract pricing, terms and conditions;
- 2.1.3 The purchase order adequately identifies the federal supply contract on which the order is based; and
- 2.1.4 It is cost effective and in the best interest of the state;

2.2 The Agency CPO shall also:

- 2.2.1 Ensure that the contract terms and conditions conform to Arizona Laws, preferably through use or reference of the EPS Uniform Terms and Conditions;
- 2.2.2 Ensure that the contract terms and conditions can apply to other Arizona business requirements, including indemnity and insurance.
- 2.2.3 Submit a copy of the determination to the Arizona State Procurement Administrator.

John O. Adler, CPO


State Procurement Administrator

November 18, 2005